Public Comments

National Association of Manufacturers
Washington, DC

Before the
United States Trade Representative

Concerning U.S. Interests and Priorities
with respect to
Negotiations on Environmental Goods at the
World Trade Organization

May 5, 2014

On behalf of the National Association of Manufacturers (NAM), we appreciate the opportunity to provide comment regarding the Administration's intent to enter into negotiations for a World Trade Organization (WTO) Environmental Goods Agreement (EGA).

The NAM is the largest manufacturing association in the United States, representing small and large manufacturers in every industrial sector and in all 50 states. Manufacturing employs nearly 12 million men and women, contributes more than $2.03 trillion to the U.S. economy annually, has the largest economic impact of any major sector and accounts for two-thirds of private-sector research and development. The NAM is the powerful voice of the manufacturing community and the leading advocate for a policy agenda that helps manufacturers compete in the global economy and create jobs across the United States. For more information about the Manufacturers or to follow us on ShopFloor, Twitter and Facebook, please visit www.nam.org.

Trade is vital for manufacturers in the United States to find new export opportunities and customers overseas. With greater productivity, manufacturers need to expand their customer base in order to sustain and grow their businesses. With 95 percent of the world's consumers living outside U.S. borders, trade is increasingly the answer for manufacturers big and small throughout the United States.[1]

Yet, trade barriers are growing around the world, costing jobs, growth and economic opportunity. The WTO has been cataloguing trade-restrictive measures since the beginning of the financial crisis in 2008 and continues to find them on the rise. To address and eliminate trade barriers, the United States must leverage all available tools. It must secure ambitious, high-standard commitments in ongoing trade agreement negotiations – including in the WTO environmental goods agreement negotiations.

Given the NAM's broad membership, it is our fundamental view that comprehensive tariff liberalization would be the most objective and effective approach to promote trade in environmental goods, as well as in machinery and equipment used in producing them, while also improving economic conditions worldwide. Recognizing that negotiations over broad-based

[1] WTO Report on G-20 Trade Measures (Mid May 2013 to Mid-November 2013), accessed at http://www.wto.org/english/news_e/news13_e/g20_wto_report_dec13_e.pdf

tariff reform are currently at an impasse, the NAM was an early supporter of the Administration's January 24 announcement of U.S. participation in new environmental goods negotiations at the WTO, along with Australia, Canada, China, Costa Rica, the European Union, Hong Kong, Japan, Korea, New Zealand, Norway, Singapore, Switzerland, and Chinese Taipei. Together these nations comprise 85 percent of the global market in environmental goods, which amounts to nearly $1 trillion each year.

With global tariffs on environmental products as high as 35 percent in some nations, a significant reduction or elimination of these trade barriers will have a substantial, positive impact on manufacturers in the United States who develop and produce goods aimed at solving environmental challenges, enhancing their ability to decrease the cost of their products to consumers inside and outside the United States and, thereby, grow sales and create new manufacturing jobs. Such an outcome will have other significant benefits, from improving access to important green and energy efficient technologies for businesses and consumers worldwide, to improving manufacturers' ability to enhance their sustainability.

Manufacturers welcome the Administration's strong efforts to build on the progress already achieved by the Asia Pacific Economic Cooperation (APEC) forum in 2011 to eliminate and reduce tariffs on green goods. While the NAM supports APEC's list of 54 environmental goods eligible for duty reduction or elimination, we believe that list is far too limited given the breadth and significant growth in this sector. Therefore, we believe it is most critical that these negotiations seek to broaden substantially the list of goods eligible for tariff liberalization across a broad range of industries that produce products that improve energy efficiency, sustainability and serve other environmental remediation purposes.

The NAM's member companies and associations have identified the categories and products below as those that could potentially meet the definition of environmental or green goods and that should be considered by USTR as part of the WTO negotiations, including some that were included in a 2007 paper submitted by a group of nations, including the United States, to the WTO Committee on Trade and Environment.

- **Air pollution control equipment**: including low-emission engine components, low-emission engines for marine applications, parts for boilers, condensers for steam, vapor power units, and air handling equipment for the transport and extraction of polluted air.
- **Biobased chemical building blocks and renewable chemicals**: including bio-based plastics and its bio-based derived feedstocks for polyesters such as monoethylene glycol, paraxylene, terephthalic acid, polyethylene terephthalate resin; and, sustainable, plant-sourced chemicals such as nylons, polyols, ricinoleic acid, 12 hydroxy steric acid, methyl 12 hydroxy stearate, sebacic acid, 1-methyl heptanol, and hydrogenated castor oil.
- **Biodegradable goods**
- **Capital equipment** for improving energy efficiency in operations or to meet the requirements of environmental control regulations.
- **Catalytic incinerators**: including those designed for the destruction of pollutants.
- **Emission control technology**: including those used in systems to control exhaust emissions, such as three-way catalytic converter substrates; diesel and gasoline particulate filters (DPFs and GPFs); selective catalytic reduction (SCR) substrates; oxidation catalyst substrates; stationary source emission reduction technology; flare gas products and aeroderivative gas generators coupled with industrial high-speed

power turbines; portable compressed natural gas delivery systems; recirpocationg engines used to convert biomass to energy; and, organic rankine cycle gas engines.

- **Energy efficient products**: such as light bulbs, compact fluorescent lighting, and LED lighting, lamps, luminaries, and equipment; ceiling fans, window films; machinery, including industrial electric motors; electrical appliances; hybrid water heaters; locomotive control systems, communications-based signaling technology, and rail movement planners all designed to reduce fuel consumption and emissions; refrigeration equipment that employs next generation (non-hydrofluorocarbon) refrigerants; refrigerant units for vehicles, including trucks, rail cars and ships; heating, ventilation and air conditioning (HVAC), refrigeration and water heating systems; and, commercial thermostats.
- **Energy management products and systems**: including demand response management systems; advanced distribution management systems; uninterruptible power supply systems; smart grid solutions; smart meters; variable frequency drives; industrial and commercial software platforms used to increase efficiency and optimize production; and, high efficiency power transformers.
- **Environmental monitoring, measurement, recording, and analysis and assessment equipment**: including instruments and apparatus for measuring or checking the flow or level of liquid and for checking pressure; spectrometers, exposure meters, instruments and apparatus for physical or chemical analysis; thermostats, and instruments and apparatus for measuring or detecting ionizing.
- **Environmentally preferable or sustainable products**: such as soybean-based materials and soy-based composites; Novec fluids used as alternatives to chlorofluorocarbons (CFCs); and, forest products, including wood, pulp and paper from certified sustainably managed forests or certified fiber sourcing programs.
- **Filtering or purifying machinery**
- **Fluid sealing products**: including mechanical seals, compression packing, expansion joints and ducting and piping systems, gaskets, and those used in preventing emissions and leaks in oil production and refining, power plants, chemical and petrochemical plants, and in water and wastewater facilities.
- **Fuel-efficient vehicles and systems**: including fuel efficient aircraft engines and air traffic control equipment which reduces fuel use, fuel efficient locomotives, and natural gas locomotives, locomotive modernization kits, locomotive braking and throttle controls, marine diesel engines, sensors and drill motors.
- **Hazardous waste and recycling systems**: including sheets, film, and strips of polymers of ethylene and plastics.
- **Heat and energy management**: including thermal equipment such as heat exchange units, gas meters, liquid meters and electric meters.
- **Hybrid electric off-road vehicles**: including construction equipment such as wheel loaders, and agricultural and farm equipment components, such as generators, power inverters, drive motors, brake resistors and components.
- **Liquefied Natural Gas (LNG), Liquefied Petroleum Gas (LPG), Compressed Natural Gas (CNG), and biofuels including dual fuel equipment**: tanks, fuel storage and delivery systems, motors and engines, controls, fuel infrastructure equipment, flywheel and other energy capture and storage technologies.
- **Meters designed to allocate and minimize energy usage and cost**
- **Noise mitigation equipment and products**: including industrial mufflers and component parts thereof, and machines used for balancing mechanical parts.

- **Personal protective equipment** that enables workers to enter highly polluted zones for mitigation, such as respiratory protection equipment; equipment to protect hands, eyes, head and face; and, backflow preventers.
- **Portable recycling tools**
- **Renewable energy products and equipment**: including towers and lattice masts, aluminum reservoirs, tanks, vats, steam and other vapor turbines, storage water heaters, clutches and shaft couplings, generators, static converters, optical fibers and bundles, nuclear reactors, sheets and plates of polarizing material, and composite materials used to manufacture renewable energy equipment.
- **Soil and water remediation**: including centrifuges and their component parts, as well as floating structures, such as rafts, tanks, coffer-dams, landing stages, and buoys.
- **Solar equipment**: including aperture troughs; inverters; light redirecting, ultra barrier, encapsulant, backsheet, and mirror films; equipment for concentrated solar power plants; and, photovoltaic systems.
- **Turbines for electrical power generation**: such as those from recovered landfill products, as well as composite materials used to manufacture turbines.
- **Waste and recycling management and containers**
- **Water-saving showers and toilets**
- **Water treatment equipment**: including filters; desalination equipment; water filtration equipment, membranes and parts; water softeners; and, chemicals used in cleaning and purifying water.
- **Wastewater treatment equipment and services**: including diaphragm pumps, reservoirs, tanks, vats, manostats, hydraulic and pneumatic instruments and apparatus, and chemicals necessary for water purification.

We see these broad categories of goods and services as a starting point for the negotiations and urge the United States to lead efforts to broaden the list to include as wide a range of environmental goods and services as possible.

The NAM looks forward to working with USTR throughout the negotiating process and will continue to provide additional information as the talks move forward.

Thank you for the opportunity to provide the NAM's views on an Environmental Goods Agreement.